

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA	:	FACTUAL BASIS
	:	
V.	:	
	:	
MARKO RUDI	:	1:07CR412-1

NOW COMES the United States of America, by and through Anna Mills Wagoner, United States Attorney for the Middle District of North Carolina, and as a factual basis under Rule 11, Federal Rules of Criminal Procedure, states the following:

The United States would present the following evidence at trial:

Background

Research Triangle Institute International, Inc., ("RTI") was an organization based in the County of Durham, in the Middle District of North Carolina. RTI has received since 1988 approximately 250 contracts, grants and other awards from the United States Agency for International Development ("AID"), a total value of approximately \$1,000,000,000.00.

Beginning on or about October 2000, until on or about August 19, 2005, the defendant, MARKO RUDI, was an agent and employee of RTI whose duties included accounting and finance. On October 23, 2000, MARKO RUDI signed a "Contract of Employment" which included paragraph five titled "Conflict of Interest." This condition of employment required MARKO RUDI to offer his services "exclusively

to [RTI].” By signing the Contract of Employment, MARKO RUDI further agreed to “disclose all potential conflicts of interest during his employment with RTI, and obtain written approval of the President [of RTI] prior to engaging in the performance of outside employment activities requiring the application of scientific or technical knowledge, training experience, or talent, or in any other capacity which could conflict with the interests of [RTI].” (emphasis added).

Additionally, MARKO RUDI agreed to “faithfully abide by [RTI’s] policies,” including Policy 1115, which provides that, in dealing with persons with whom RTI does business, RTI employees may not accept gifts worth more than \$150.00 (unless local custom makes refusal awkward whereupon the gift must be forwarded to RTI). The RTI policy, signed by RUDI, also required disclosure of potential conflicts of interest arising from personal relationships between RTI employees and persons affiliated with RTI contractors, and prohibits RTI employees from engaging in business activities “within the course, scope, and field of [the employee’s] RTI responsibilities and/or discipline or area”, without prior submission of a disclosure form to RTI’s Chief Ethics Offices. The RTI policy also stipulated that the RTI employee may not solicit personal gifts, money or loans from RTI business contracts.

On or about April 11, 2003, the United States, in a procurement of services, awarded RTI a cost-reimbursable USAID

contract for services in Iraq, known as the Local Governance Project (LGP), with a value in excess of \$1,000,000.00. The LGP contract awarded RTI a fixed fee of 8.5%. MARKO RUDI was responsible for developing and supervising RTI accounting and finance functions in connection with this contract.

Intent to Defraud

On or about April 2003, RUDI began arranging for two companies, Smiteq and Business System House (BSH) to do business with RTI. Smiteq was a human resources outsourcing firm and BSH was a firm based in Dubai operated by Houssam Hatoum which provided computer software services for payroll management.

A government contractor such as RTI typically seeks competitive bids from possible service providers. On May 17, 2003, MARKO RUDI did issue a Request for Proposal for the LGP contract. The proposal was actually drafted by Smiteq and BSH although they were bidders on the project. During the bid process, MARKO RUDI did furnish to Smiteq and BSH bidding information from other companies competing against Smiteq and BSH for the contract. This evidence is based on emails between MARKO RUDI, BSH and Smiteq.

A principal owner of Smiteq will testify that MARKO RUDI sought a kickback from Smiteq and BSH in order for Smiteq and BSH to be awarded the contract. The principal owner of Smiteq, at RUDI's request, prepared a PowerPoint presentation comparing all the bids to assist RUDI in convincing RTI to award the contract to

Smiteq and BSH. Eventually, the principal owner of Smiteq refused to pay a kickback/consulting fee to RUDI. On July 8, 2003, MARKO RUDI sent an email to an RTI official urging that RTI contract directly with BSH, thereby cutting out Smiteq. Eventually, the contract was awarded to BSH, as a subcontractor on the bigger LGP contract, a contract termed the Master Services Agreement ("MSA") with a value greater than \$1,000,000.00,. RUDI continued to participate in matters pertaining to the contract including influencing the payment of BSH invoices. USAID alleges that some services were never received such as a software system and others were over billed.

On or about March 27, 2004, BSH wired approximately \$255,000.00 to a closing attorney in Durham, North Carolina, to purchase a house at 7 Birnham Lane, Durham, North Carolina which was later occupied by MARKO RUDI.

On or about March 29, 2004, other companies related to BSH wired additional funds to Durham, North Carolina, of approximately \$300,000.00 for the purchase of the residence located at 7 Birnham Lane, Durham, North Carolina, later occupied by MARKO RUDI. Additional wires were sent to builders and decorators and landscapers who worked on the residence.

This the 17th day of March, 2010.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on March 17, 2010, the foregoing was electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the following:

Christopher R. Clifton, Esq.

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